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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

September 2, 2015

CERTIFIED RETURN RECEIPT  
7013 3020 0002 3659 5927

Russ Conn  
Lance-Conn LLC  
P.O. Box 923  
Duchesne, Utah 84021

Subject: Review of Reclamation Surety, Lance-Conn, Castle Peak Mine, S/013/0011, Duchesne County, Utah

Dear Mr. Conn:

The last reclamation cost estimate for the Castle Peak mine was done in 2010 and escalated to 2015 dollars. The surety amount needs to be adjusted to account for changes in reclamation costs. Based on average reclamation costs, the surety amount needs to be increased from \$12,000 to \$32,000 for a three-year escalation or to \$32,200 for a five-year escalation, as shown below:

<b>Small Mine Operation Bond Calculation Worksheet S/013/0011</b>			
<b>3-year escalation (2018)</b>			
<b>Item</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>Total Cost</b>
1st Acre Disturbance	1	\$8,000.00	\$8,000.00
Add'l Acres Disturbance	0	\$5,000.00	\$0.00
Mob/demob 51-100 miles	0	\$1,500.00	\$0.00
Mob/demob 101-150 miles	0	\$2,900.00	\$0.00
Mob/demob 151-200 miles	0	\$4,400.00	\$0.00
Additional Equip	8	\$3,000.00	\$24,000.00
<b>TOTAL</b>			<b>\$32,000.00</b>
<b>5-year escalation (2020)</b>			
<b>Item</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>Total Cost</b>
1st Acre Disturbance	1	\$8,200.00	\$8,200.00
Add'l Acres Disturbance	0	\$5,100.00	\$0.00
Mob/demob 51-100 miles	0	\$1,500.00	\$0.00
Mob/demob 101-150 miles	0	\$3,000.00	\$0.00
Mob/demob 151-200 miles	0	\$4,500.00	\$0.00
Additional Equip	8	\$3,000.00	\$24,000.00
<b>TOTAL</b>			<b>\$32,200.00</b>





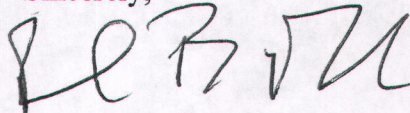
Russ Conn  
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Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at [pennyberry@utah.gov](mailto:pennyberry@utah.gov) for information about submitting the additional bond. Your current bond is in the form of cash and a certificate of deposit. **In addition a W-9 form is required by State of Utah Treasurers Office for your current cash bond.**

As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site. **Please note that the majority of the reclamation cost estimate is for removal of equipment, so the best way to decrease the amount of surety required would be to remove as much equipment as possible as recommended in the report for the inspection done October 30, 2013.** If you decide to pursue this option, please contact the lead inspector, Leslie Heppler, at 801-538-5257.

Please provide the additional surety or perform the reclamation no later than October 30, 2015. Thank you for your help in keeping the surety current. Please contact the permit lead for this mine, Leslie Heppler, at 801-538-5257 or me at 801-538-5261 if you have questions concerning this requirement.

Sincerely,



Paul B. Baker  
Mining Program Manager

PBB:lah:mbt:pb

cc: Jerry Mansfield, SITLA ([jmansfield@utah.gov](mailto:jmansfield@utah.gov))

Mike Hyde, Duchesne County ([mhyde@co.duchesne.ut.us](mailto:mhyde@co.duchesne.ut.us))

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